



## Wyoming Lender Alert

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Steven Despain, District Director

*Making a Difference for Small Business in Wyoming*

### Featured Success Story

#### Pines Motel

##### Newcastle, Wyoming

It was April, 2004 when Iva Carter and her daughter, Tiffany, purchased the Pines Motel in Newcastle. They were living next door to the motel when it went up for sale. Iva saw a great opportunity and since she was not afraid of hard work she was ready to jump right in. She went to her bankers, Faron Ferguson and Justin Tystad of Pinnacle



Bank in Newcastle, and completed an application for a Small Business Administration (SBA) 504 Loan. It took her six months to put the business plan together, but it was well worth it because her loan was the first one to be 100% complete for Pinnacle Bank. In fact, Iva was the first woman in Weston County to receive an SBA loan.

Next came all the hard work, maintenance, repairs, hiring employees, bookwork, etc. All of this gave both a very good education. Iva is a person that has to have everything Q-tip clean and she says that without a lot of good employees and family

to help she couldn't have made it happen.

Taking care of the customers is top priority at the motel and hard work is just part of the day, no shortcuts are taken at the Pines.

Lodgers can enjoy peace, beauty, birds and wildlife on the



motel property. It's like a little haven in Newcastle. Iva boasts of a tame rabbit that will get in your lap, if you like. Iva has found that even in rural Wyoming, to be competitive, it is necessary to provide modern amenities such as DSL/wireless internet, refrigerators, microwave ovens in the rooms and a continental breakfast and bedtime snacks. The motel has 11 units; from single queen rooms to triple rooms, a suite that sleeps six, a cottage and a three bedroom two bath vacation home to rent. The motel is the only AAA-Double Diamond rated motel in the area. Iva has found that having a website is a great source of advertising the motel, but says the best way is by word of mouth.

Being a Wyoming girl at heart, she returned from Ft. Worth,



Texas in 1991 where she had a catering service for seven years. She attended college at EWC, receiving an AA degree in Interdisciplinary studies in the spring of 2004. Tiffany, now 19, is attending the University of Wyoming as an Art major with a minor in Japanese. Iva is a member of the Newcastle Chamber of Commerce and past Vice President of the Weston County Travel Commission. Iva and Tiffany invite you to visit them at the Pines, 248 East Wentworth, Newcastle, Wyoming.

#### SBA Salutes Wyoming Patriot Express Lenders

Currently, there are two SBA lenders in Wyoming that can provide Patriot Express loans to veteran entrepreneurs. These lenders include Jonah Bank of Wyoming and Shoshone First Bank.

## **Helping the Military Community Start and Grow Businesses**

### ***A Fact Sheet for Lenders***

As an SBA lender, here's an opportunity to join with others expressing thanks to our military community members safeguarding America's freedom by increasing opportunities for them to start or expand small businesses.

This pilot initiative integrates all of SBA's programs and services to veterans and members of the military community. Patriot Express targets those in the military community who want to establish or expand small businesses including:

- Veterans
- Service-disabled veterans
- Active-duty service members eligible for the military's Transition Assistance Program
- Reservists and National Guard members
- Current spouses of any of the above
- The widowed spouse of a service member or veteran who died during service or of a service-connected disability

Patriot Express loans may go up to \$500,000 and qualify for SBA's maximum guaranty of up to 85 percent for loans of \$150,000 or less and up to 75 percent for loans above \$150,000 to \$500,000. For loans above \$350,000, lenders will be required to take all collateral available.

As with *SBAExpress* loans, Patriot Express will use a highly streamlined, centralized and expedited SBA loan process relying heavily on ETran, and electronic applications which results in almost immediate SBA approval.

Interest rates for Patriot Express loans range from 2.25 percent to 4.75 percent over

prime depending upon the size and maturity of the loan.

And, you can use your own paperwork, just as with *SBAExpress* loans, which should reduce processing costs. Any lender approved for *SBAExpress* or the Preferred Lender Program may make Patriot Express loans.

According to figures from the SBA, U.S. Census Bureau and the Government Accountability Office, approximately 4 million veterans own small businesses, and approximately 13 percent of Reservists in the private labor market are small business owners. Research also shows that nearly 22 percent of service members leaving the military consider starting small businesses.

SBA district office personnel and resource partners like SCORE, Counselors to Americas Small Business; Small Business Development Centers; Women's Business Centers; and Veterans Business Outreach Centers can help applicants decide if the idea is feasible, assist in creating a business plan, help with credit applications and give valuable advice on how to stay successful once the businesses have started.

Details on this initiative can be found at [www.sba.gov/patriot-express](http://www.sba.gov/patriot-express) or call Steve Parker at 307-261-6506 or email [Stephen.Parker@sba.gov](mailto:Stephen.Parker@sba.gov)

### **Common Errors Found In Purchase Packages**

Below, are common errors that SBA's National Guaranty

Processing Center is finding in purchase packages that may delay processing.

There are no tabs or the package is not organized in order of the checklist or authorization. (Please note that as of August 1, 2007, the new executed tabs are required. Packages without

them will be returned.)

The transcript is not signed and/or is not in the SBA 1149 format. All transcripts must minimally include the following:

- o SBA loan name and 10-digit loan number
- o Method used for interest computation (360 day or 365 day)
- o Date and amount of each disbursement
- o Date and amount of each payment showing principal and interest applications
- o Date to which interest is paid (which should be the same date payment was received)
- o Interest rate changes (for variable rate loans)
- o Next payment due date (defined as the "default date," at which point the interest rate becomes fixed; no changes to the rate should be reflected thereafter)
- o If applicable, amount of Lender's successful bid at foreclosure sale (reflected on the transcript as a credit to the principal balance)

Early default issues:

- o Evidence of equity injection is missing
- o Settlement sheets are incorrect or do not have supporting documentation to evidence disbursements
- o Post default UCCs are missing or are incorrect
- o If the loan is an early default by a PLP lender, the credit memo and/or SBA Form 912 are often missing.

IRS Income Tax Verification is often missing or incorrect.

If you are submitting a Low Doc loan for purchase, the liquidation of all non-real estate assets must be completed before the purchase

request may be submitted unless the borrower has filed bankruptcy. We have received several Low Doc loan purchase requests where the liquidation has not occurred and there is no indication of bankruptcy, which causes us to assume that the purchase package is not ready to be submitted.

For all loans, in situations where liquidation has occurred at the time that purchase is being requested, the Report of Sale and Appraisal(s) (or some other satisfactory valuation of collateral), or final wrap up report are often missing. We cannot purchase the guaranty without these extremely important pieces of information.

The Site Visit Reports are often missing.

Wire Transfer Information is missing.

Environmental Questionnaire /Phase I, II is not provided when required.

Risk Management Database information is missing.

LowDoc Eligibility Checklist (if LowDoc Loan) is not provided when required

### **Limited Liability Company (LLC) – Is It the Right Business Structure?**

Starting a small business is a serious undertaking. It initially requires a great deal of time and effort.

As part of the startup process, entrepreneurs determine which legal structure is best for their firm. While many small businesses operate as sole proprietorships, partnerships and corporations; there is a growing trend in the number of small firms operating as limited liability companies – widely known as limited liability

corporations or LLCs. Choosing the right business legal structure can be a daunting process, particularly if you are doubtful which structure provides the best protection from personal loss, while at the same time reducing tax burdens. It is important to carefully examine the different structures to select one that provides the balance that you seek; however, this may not always be possible. Be aware that not all business formations will provide both protection against loss of assets and reduced taxes; there may be a tradeoff.

If your goal is to protect your personal assets, then you may have to pay higher taxes. But, if your goal is to lower taxes, this may put your personal assets at risk, depending on the business type. These are a few reasons why you should do your homework before choosing a legal structure for your firm.

After careful examination, if you determine that the LLC offers the protection, tax advantages and business form that best benefit your firm, or it offers a tradeoff that you feel comfortable with, discuss your selection with your tax attorney and accountant to make sure you have made the right choice. While there are many advantages to choosing the LLC structure over sole proprietorships, partnerships and corporations, there are also many disadvantages--- make certain that the advantages outweigh the disadvantages regardless of the legal structure you choose.

LLCs are hybrid business entities, which mean they are neither true partnerships nor are they true corporations. They are, however, a combination of both. The LLC functions as a tax-pass through, much like the partnership, unless the LLC elects to be taxed as a

corporation. If structured as a tax-pass through, profits are paid to members as wages, salaries and dividends. In such an arrangement, the company itself pays no taxes; however, members report these payments as part of their income on their individual tax returns.

LLCs can elect to be member managed, which creates a flat member or partnership structure, or they can be manager managed, which creates a two tiered structure that can more easily be converted to a corporation, with the attendant taxes. LLCs are organized with a document called the *articles of organization* or the *rules of organization* that are filed with the appropriate state government office. Additionally, members draw up an *operating agreement document* which governs membership, management, operation and distribution of income.

Owners of an LLC are called members. Since most states do not restrict ownership, members may include individuals, corporations, other LLCs or foreign entities. There is no maximum number of members. Most states also permit single member LLCs, those having only one owner.

LLCs are popular business types because, similar to corporations, owners have limited personal liability for debts and actions of the LLC.

### **Upcoming Events**

**December 3–** Women's Roundtable Newcastle

**December 5 –** Women's Roundtable Casper

**December 6 –** Women's Roundtable Laramie

**Season's Greetings  
from the staff at SBA**